

well as reduced taxes on railroad employers.

A 2 percent increase in the rate of return, which is quite conservative based on historical trends, will provide the needed boost to allow for these benefit increases and payroll tax cuts.

H.R. 1140 includes safety provisions that automatically adjust payroll tax rates upward if historically predicted increases in retirement fund returns do not materialize. The burden of higher taxes will fall entirely on railroad employers, not the employees.

I would like to commend the subcommittee chairman, the gentleman from New York (Mr. QUINN), for prompting the negotiations between labor and management that produced this legislation.

The bipartisan comprehensive reform package we have before us today reduces the financial burden on employers as well as the employees, while providing an overall increase in benefits, a targeted increase for widows and widowers of railroad retirees, and a reduced tier 2 retirement age.

Let me briefly mention an unfounded concern that has been voiced about this bill. Many people have been told this bill involves a \$15 billion first-year hit on the U.S. Treasury. Thanks to the hard work of the Speaker of the House, the OMB and the House leadership have agreed on legislative language that avoids this fictional outlay. This language reflects the fact that taking the \$15 billion tier 2 pension fund out of the current approach of investing only in Treasury bonds, and allowing professional, diversified management of the investment, is not spending.

Mr. Speaker, the wisdom and widespread support of this bill is demonstrated by the fact that it has 371 sponsors. And for those who say the bill raids the Treasury, let me advise them that 30 of the 42 members of the Committee on the Budget are sponsors of the bill. Furthermore, even the CBO admits that the scoring of this bill is ill-suited to the type of reinvestment this bill would allow.

Mr. Speaker, this bill represents several years' effort and difficult negotiations between railroad labor and railroad management. I commend my colleagues on the railroading industry for their diligence and cooperation.

I am also very pleased that the bipartisan leadership of this committee worked cooperatively to move this legislation again in the 107th Congress. Working on a bipartisan basis in this committee has allowed us to enact significant legislation on behalf of our constituents. H.R. 1140 will set yet another example of this proud record.

I thank my colleague and ranking Democrat on the committee, the gentleman from Minnesota (Mr. OBERSTAR), and the subcommittee ranking member, the gentleman from Tennessee (Mr. CLEMENT) for their cooperation and support.

I urge swift passage of H.R. 1140.

Mr. Speaker, I reserve the balance of my time.

Mr. SAM JOHNSON of Texas. Mr. Speaker, in deference to my colleagues both on that side and this side, I appreciate their position on this, but I rise in strong opposition to the Railroad Retirement and Survivors' Improvement Act.

This bill really is a fake, a fraud and a phony. It breaks every promise we have made to the American people and treats every other senior citizen as a second-class citizen.

This legislation gives preferential treatment to a select few, 900,000 railroad people. It raids the Social Security-Medicare Trust Funds. It is absurd that the Federal Government allows one group of people to retire at age 60 while others will have to wait until they turn 65 or in the future, age 67, and this bill does just that.

Under this fatally flawed legislation, railroad retirees will be able to retire at age 60 and receive Social Security equivalent retirement benefits. Every other American has to wait until at least age 65 to get full Social Security, and 67 for those that are following us.

For the same group of railroaders, we have decided to break open the Social Security and Medicare lockbox to give railroaders their new benefits. Nobody can say with a straight face that this measure will not raid the Social Security and Medicare Trust Funds.

A provision added to the bill today would direct the OMB to pretend that the bill does not cost anything. In reality, it costs \$15 billion in the first year and an additional \$7 billion over the next 10 years, and the Committee on Transportation and Infrastructure's own analysis cites that.

Worse, the program is already receiving subsidies from the Social Security Trust Fund. Since 1958, the Railroad Trust Fund has needed money. The subsidy has been nearly \$84 billion, and last year alone, the railroad retirement bilked \$3.5 from the Social Security Trust Fund. In fact, the Social Security Administration spends more money on the railroad retirement system than it spends on all Social Security administrative costs, not to mention this bill sets a terrible precedent for the future of Social Security. Instead of private accounts, it puts the government in charge.

The bill, as written, sets up a government-run investment board that makes decisions about where the money is invested. These are not private accounts, nor is there a private board making these decisions. The board is controlled by six railroad insiders, with only one representative looking out for the American taxpayer.

In short, this bill allows the government to use tax dollars to play in the market. This is wrong. The Federal Government ought not be involved in the stock market.

Railroad retirement benefits are substantially higher than Social Security benefits. For instance, on average, it

gives career railroad retirement retirees more than double the amount of money per month than all other seniors collecting Social Security.

It is wrong for the American taxpayer and the Social Security Trust Fund to subsidize these higher benefits. It is not fair to treat one group of retirees better than anyone else. To add insult to injury, this bill allows felons sitting in jail to receive railroad benefits. Why should they? Felons were eliminated from the Social Security program in welfare reform several years ago. What is next, telling all of the people with the letter "J" in their last name they can retire at 63.5?

Lastly, the measure also violates three of President Bush's five sacred Social Security reform proposals. One, the bill demands using Social Security funds to subsidize other benefits. Two, the Federal Government, disguised as the investment trust, would invest in the private sector. Three, the bill would prohibit personal retirement accounts for railroad employees or retirees.

Every one of the 407 Members of Congress who voted for the Medicare-Social Security lockbox ought to vote against this bill because this bill will raid Social Security and Medicare. Just last week the Office of Management and Budget and the Congressional Budget Office both scored this bill at a cost of \$15 billion in its first year; but all of a sudden today it now costs the taxpayer nothing.

How can that be? How can we cash in \$15 billion of U.S. Treasury bonds, and say that it does not have an effect on the Medicare and Social Security surplus. I just do not understand. Are we cooking the books?

Call your Senator if you are listening, (202) 225-3121, to stop this fraud in America.

Mr. Speaker, I urge my colleagues to vote against raiding the Social Security-Medicare Trust Funds, and to vote against this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. OBERSTAR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, notwithstanding the relatively hostile remarks and misguided comments of our very otherwise thoughtful colleague from Texas, I today brought with me my 83-year-old railroad watch, 15 size Illinois, in memory of the railroad workers who have waited nearly that long for justice in their retirement program.

This legislation will bring truly significant benefits to the more than one-quarter million men and women who work on America's railroads, and to the 700,000 retirees and survivors of retired railroad workers.

The bill allows for a significant reduction in payroll taxes paid by the U.S. railroads. This is one of those special occasions in the legislative arena when all parties benefit. In this case, railroads, railroad labor, retired railroad workers, and their survivors. All of them come out ahead.